

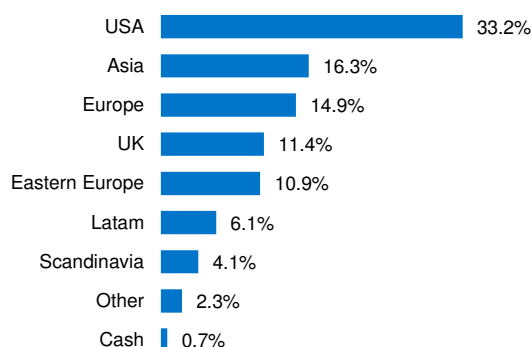
### Fund objective

The Fund aims to achieve steady growth in the value of investments, primarily by investing in financial companies\* from around the world.

### Fund style

The Fund utilises its database and long experience of the financial sector to invest in financial companies\* with the search focused on companies that have a good track record of growing their net worth, whilst maintaining the discipline of investing only when they are mispriced.

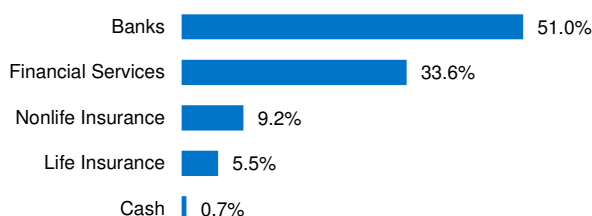
### Geographical breakdown



### Asset allocation

Equities	99.3%
Cash	0.7%

### Sector breakdown



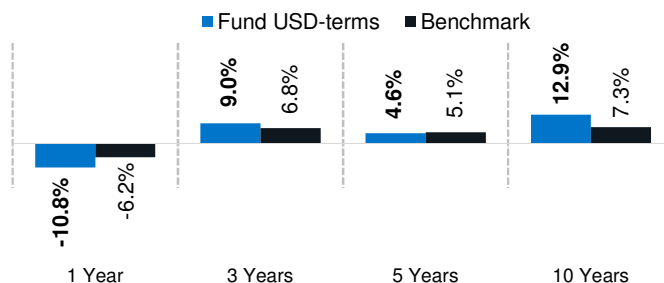
### Top 10 holdings

JP Morgan	USA	6.0%
Essent Group	USA	5.0%
TBC BANK	Eastern Europe	4.6%
One Savings Bank	UK	4.5%
TCS Group Holding	Eastern Europe	4.5%
Yes Bank	Asia	3.9%
Prudential	UK	3.5%
Citigroup	USA	3.1%
AIG	USA	3.0%
Raiffeisen International	Europe	3.0%

31 October 2018

\*Defined as securities of companies of which the principle operations specifically focus on, and derive benefit from or pertain to, the provision of banking, insurance and other financial services.

### Performance summary



### Actual highest and lowest annual figures

Highest annual	70.9%
Lowest annual	-23.1%

The performance figures above are annualised, net of fees, and in USD terms. The highest and lowest returns are based on 12 month rolling periods over 10 years (or since inception where the performance history does not exist for 10 years).

Inception date of class: 6 October 2004. Source: Morningstar

### Fund information

<b>Manager</b>	Sanlam Asset Management (Ireland)
<b>Investment Manager</b>	The management of investments are outsourced to Sanlam Investment Management (Pty) Ltd, FSP 579, an authorised financial services provider under the South African Financial Advisory and Intermediary Services Act, 2002.
<b>Portfolio Manager</b>	Kokkie Kooyman (Denker Capital) B.Comm. (Hons), CA(SA), HDE
<b>Trustee/Custodian</b>	Brown Brothers Harriman Trustee Services (Ireland) Ltd 30 Herbert Street, Dublin 2, Ireland Tel: +353 1 241 7130   Fax: +353 1 241 7131
<b>Administrator</b>	Sanlam Asset Management (Ireland)
<b>Transfer Agency</b>	Brown Brothers Harriman Fund Administration Services (Ireland) Ltd
<b>Domicile</b>	Ireland
<b>Listing</b>	Irish Stock Exchange
<b>Salient risk factors</b>	This fund is relatively high risk in relation to other asset classes due to its equity based investment approach, however the investment manager aims to reduce the overall risk by their value and fundamental stance.
<b>Base currency</b>	US Dollar
<b>Benchmark</b>	MSCI World Financial Index TR
<b>Fund size</b>	\$125 million
<b>Unit price</b>	\$32.3867
<b>Fund launch date</b>	8 April 2004
<b>Minimum investment</b>	\$1,000
<b>Dealing/Redemption frequency</b>	Daily
<b>Dealing deadline</b>	4 PM (Irish time on the business day preceding a dealing day)
<b>Valuation point</b>	Close of business in the applicable markets.
<b>Daily publication of prices</b>	Irish Stock Exchange & www.sanlam.ie
<b>Distribution</b>	This fund does not distribute. Dividends and income are automatically added to fund's NAV.

**Portfolio Manager quarterly comment: September 2018**
**Performance review**

The good performance of the majority of the holdings of the fund in the past quarter was undone in three sections in the fund:

- European banks were sold down due to Turkey and Italy. ING was down the most (10% this quarter and 28% year-to-date in Euro) - due to its exposure to Turkey and a fine related to money laundering (6-8 years ago in amongst others it's Curusao business).

- Despite the rising oil price, Russian banks declined due to fears about the effect of further sanctions against the country.

- But the biggest loss was caused by Yes Bank (one of the smaller private sector banks in India) when the Reserve Bank of India (RBI) refused to extend the tenure of the CEO (Rana Kapoor). The RBI decision was based on his age (or rather length of tenure) and his lack of adhering to good corporate governance. Having said that, for three years in a row extensive audits by the RBI did not result in reclassifications of non-performing loans (NPL's). Our stance has been that indeed, Yes Bank has grown its loan book aggressively, but this was done whilst the public sector banks were (and remain) in turmoil.

At times like this, we question why we invest in companies like these but in the end it's a risk-return decision. It's important to remember that the market has a tendency to overreact to both negative and positive news, and most of the time the event has only a very small effect on the ability of the company to grow shareholder value.

For example: The fine in ING's case, and the write-offs from their Turkish exposure are relatively small and once-off. Similarly, sanctions against Russia will have limited effect. The upside in Yes Bank and Rana Kapoor's track record was just too attractive to ignore and so the answer lies in the size of a position and the valuation. Hence, for the past few years we have focussed on reducing risks considerably (for example, at the end of 2017 we reduced the funds' investments in Turkey to less than 1%).

Also, the subsequent returns are significant and repay one for the risk (as visible in the track record of the fund), and finally, the risks taken are always part of a diversified portfolio.

Fortunately the fund's investments in US banks, European insurers, Norwegian banks and smaller positions delivered good operational results and strong gains in their share prices. These positions include, amongst others, the Warsaw Exchange, Berkshire Hathaway (gained 14.7%), Essent and MGIC (two US mortgage insurers gaining 23%). Q3 was a bad quarter for emerging markets, yet Bradesco (the second largest Brazilian bank) as well as our investment in Mexican banks performed very well (Bradesco being amongst the top 10 performers this quarter).

**Portfolio changes**

Based on historical valuations and the track record of the companies sold down, the sell-off in many cases was unwarranted - providing rational long-term investors good opportunities to invest and benefit from their short-term driven emotional peers. The most important trait in investing is to have the emotional strength to not get shaken out at the bottom when everybody around you is negative. In fact, successful fund managers focus on the long-term track record of how management grew shareholder value, measured against the current valuation. Hence we're using the sell-off to increase the fund's holdings in several Indian private sector banks and also Kruk (Poland). Kruk is one of the best debt collectors in the world, but now trades at its lowest valuation in 10 years after one of its competitors ran into financial problems. The market is incorrectly (in our opinion) assuming that Kruk has similar financial problems.

**Going forward**

After 30 years of falling interest rates, the US 30 year bond market is signalling that the period of low interest rates has ended and a long period of normalisation to higher interest rates has started. This ushers in a new environment which will bring about significant change, which on the whole should be positive for the financial sector. Jamie Dimon (CEO of JP Morgan) says banks are entering a golden age.

In fact, US banks and European insurers have started reacting to this, gaining around 10%. We expect this trend to continue for a number of years as interest rates normalise.

**Fees**
**Class A USD**

<b>Initial fee/</b>	<b>0%</b>
<b>Front end load</b>	(up to 5% with intermediary charges if applicable)
<b>Annual management fee</b>	<b>1.25%</b>
<b>Management performance fee</b>	<b>Performance Fee Benchmark:</b> MSCI World Financial Index TR, <b>Base Fee:</b> 1.25%, <b>Fee at Benchmark:</b> 1.25%, <b>Fee hurdle:</b> MSCI World Financial Index TR, <b>Sharing ratio:</b> 20%, <b>Minimum fee:</b> 1.25%, <b>Maximum fee:</b> Not applicable, <b>Fee example:</b> 1.25% p.a. if the fund performs in line with its Performance Fee benchmark being MSCI World Financial Index TR.
<b>Other allowed expenses</b>	Trustee fees, custody fees, administration fees, director's fees, legal fees, audit fees, bank charges, regulatory fees, brokerage/trading fees.
<b>Total expense ratio (TER) 1 July 2015 to 30 June 2018</b>	<b>1.39%</b> of the value of the financial product was incurred as expenses relating to the administration of the product. A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER cannot be regarded as an indication of future TER's.
<b>Transaction cost (TC) 1 July 2015 to 30 June 2018</b>	<b>0.35%</b> of the value of the financial product was incurred as costs relating to the buying and selling of the assets underlying the product. TC's are a necessary cost in administering the product and impacts the product's returns. It should not be considered in isolation as returns may be impacted by many other factors over time incl. market returns, type of financial product, investment decisions of the investment manager and the TER.
<b>Total Investment Charges (TER + TC)</b>	<b>1.74%</b> of the value of the financial product was incurred as costs relating to the investment of the financial product.

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Company registration number: 267640 – UCITS IV Management Company & Alternative Investment Fund Manager regulated by the Central Bank of Ireland and is licensed as a Financial Services Provider in terms of Section 8 of the South African FAIS Act of 2002.

**Investment Manager: Sanlam Investment Management**

The appointed investment manager is Sanlam Investment Management (Pty) Ltd, an authorised financial services provider in terms of Financial Advisory and Intermediary Act, 2002, FSP 579. Address: 55 Willie van Schoor Avenue, Bellville, 7530, South Africa

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**Codes**

<b>ISIN</b>	IE00B0S5SM41
<b>SEDOL</b>	B0S5SM4
<b>Bloomberg</b>	SANGLOA ID
<b>Morningstar category</b>	Sector Equity Financial Services

## Risk profile: Aggressive

You can afford to take on a higher level of risk (i.e. will have a greater exposure to equities in your portfolio) because of your investment time horizon, or your appetite for risk. You know that in taking the risk, you need to be patient if you want to achieve the results. So you are willing to invest for the long-term and are prepared to tolerate some volatility in the short term, in anticipation of the higher returns you expect to receive in five years or beyond.

## Regulatory statement

The Fund is a sub-fund of the Sanlam Universal Funds plc, a company incorporated with limited liability as an open-ended umbrella investment company with variable capital and segregated liability between sub-funds under the laws of Ireland and authorised by the Central Bank. The Fund is managed by Sanlam Asset Management (Ireland) Limited, Beech House, Beech Hill Road, Dublin 4, Ireland, Tel + 353 1 205 3510, Fax + 353 1 205 3521 which is authorised by the Central Bank of Ireland, as a UCITS Management Company, and an Alternative Investment Fund Manager, and is licensed as a Financial Service Provider in terms of Section 8 of the South African FAIS Act of 2002.

The Sanlam Universal Funds Plc full prospectus, the Fund supplement, the MDD and the KIID is available free of charge from the Manager or at [www.sanlam.ie](http://www.sanlam.ie). This is neither an offer to sell, nor a solicitation to buy any securities in any fund managed by us.

Any offering is made only pursuant to the relevant offering document, together with the current financial statements of the relevant fund, and the relevant subscription/application forms, all of which must be read in their entirety together with the Sanlam Universal Funds plc prospectus, the Fund supplement the MDD and the KIID. No offer to purchase securities will be made or accepted prior to receipt by the offeree of these documents, and the completion of all appropriate documentation. A schedule of fees and charges and maximum commissions is available on request from the Manager.

This is a Section 65 approved fund under the Collective Investment Schemes Control Act 45, 2002 (CISCA). Sanlam Collective Investments (RF) (Pty) Ltd is the South African Representative Office for this fund.

The information to follow does not constitute financial advice as contemplated in terms of the South African Financial Advisory and Intermediary Services Act. Use or rely on this information at your own risk. Independent professional financial advice should always be sought before making an investment decision, not all investments are suitable for all investors. Collective Investment Schemes (CIS) are generally medium to long term investments. The value of participatory interests may go down as well as up and past performance is not necessarily a guide to the future performance. Changes in exchange rates may have an adverse effect on the value, price or income of the product. Collective investments are traded at ruling prices and can engage in borrowing and scrip lending. Collective investments are calculated on a net asset value basis, which is the total market value of all assets in the portfolio including any income accruals and less any deductible expenses such as audit fees, brokerage and service fees. Actual investment performance of the portfolio and the investor will differ based on the initial fees applicable, the actual investment date, the date of reinvestment of income as well as dividend withholding tax. Forward pricing is used. The Manager does not provide any guarantee either with respect to the capital or the return of a portfolio. The performance of the portfolio depends on the underlying assets and variable market factors. Trail commission and incentives may be paid and are for the account of the Manager.

The Manager has the right to close any Portfolios to new investors to manage them more efficiently in accordance with their mandates. Performance figures for periods longer than 12 months are annualised. The performance fee is accrued daily, based on performance over a rolling 6 month period with payment to the manager being made bi-annually. Performance fees will only be charged once the performance fee benchmark is outperformed. The portfolio management of all the portfolios are outsourced to Regulated and authorised financial services providers.

## Glossary Terms

### Annualised total returns

Annualised return is the weighted average compound growth rate over the period measured.

### Capital growth

Capital growth is the profit made on an investment, measured by the increase in its market value over the invested amount or cost price. It is also called capital appreciation.

### Equities

Equities are shares that represent an institution's or individual's ownership in a listed company. These shares are also the "vehicle" through which they are able to "share" in the profits made by that company. As the company grows, and the expectation of improved profits increases, the market price of the share will increase which translates into a capital gain for the shareholder. Similarly, negative sentiment about the company will result in the share price falling. Shares / equities are usually considered to have the potential for the highest return of all the investment classes but also have the highest level of risk i.e. share investments have the most volatile returns over the short term. An investment in equities should be viewed with a 7 to 10 year horizon.

### Undervalued equity stocks (value investing approach)

This is a strategy of selecting shares that trade for less than their intrinsic values. Value investors actively seek stocks that they believe the market has undervalued. They believe the market overreacts to good and bad news, resulting in stock price movements that do not correspond with the company's actual long-term fundamentals. The result is an opportunity for value investors to profit by buying when the price is deflated.

### Securities

A general term for shares, bonds, money market instruments and debentures.

### Collective investment scheme (CIS)

Collective investment schemes (also called unit trusts) are portfolios of assets such as equities, bonds, cash and listed property, in which investors can buy units. They allow private investors to pool their money together into a single fund, thus spreading their risk across a range of investments, getting the benefit of professional fund management, and reducing their costs.

### Total expense ratio (TER)

This is the total costs associated with managing and operating an investment administration, financial planning and servicing fees. These costs consist primarily of management fees and additional expenses such as trading fees, legal fees, auditor fees and other operational expenses. The total cost of the fund is divided by the fund's total assets under management to arrive at a percentage amount, which administration, financial planning and servicing fees. These costs consist primarily of management fees and additional expenses such as trading fees, legal fees, auditor fees and other operational expenses. The total cost of the fund is divided by the fund's total assets under management to arrive at a percentage amount, which represents the TER.

### Standard deviation

Standard deviation (also called monthly volatility) is a measure of how much returns on an investment change from month to month. It is typically used by investors to gauge the amount of expected volatility in an investment.